

ECONOMIC CONDITIONS in New Hampshire



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Recession officially over Latest recession follows longest expansion period in history

Is the recession over? Officially, yes it's over – and has been for a while now! The organization that most folks depend on to decide when a recession begins and ends is the National Bureau of Economic Research (NBER). The indicators they use to determine when peaks or troughs occur in the economy include gross domestic product in constant dollars, personal income excluding transfer payments, the volume of sales of the manufacturing and the trade sectors, and employment. Following the lengthy economic expansion of the 1990's, the GDP peaked in fourth quarter 2000. It was concluded that the current recession began in March 2001 after the nation's economy had hit its peak.¹ The NBER's five-member Business Cycle Dating Committee determined the low point in business activity occurred in the American economy in November 2001, designating the end of the recession. By these measures the recession officially lasted eight months. It should be noted that updated information could cause the dates to be revised.

The timing of a recession and subsequent recovery may vary from area to area. Different states can enter at different times, based on the indicators

from the individual state. For example in the 1990s New Hampshire employment peaked 18 months before the nation. The employment level of the state bottomed out at the same time as the nation, but was much more severe and it took significantly longer to recover in the state than the nation because of the degree of the decline. Employment is one of the indicators used in determining recession dates, but is generally considered a lagging indicator because employment declines often continue even after the economy starts to turn around. In the recent recession job losses continued well beyond the declared end of the recession.

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The recent recession ended the longest period of expansion in recorded economic history

Peak	Trough	Expansion (months)
May 1937	June 1938	50
February 1945	October 1945	80
November 1948	October 1949	37
July 1953	May 1954	45
August 1957	April 1958	39
April 1960	February 1961	24
December 1969	November 1970	106
November 1973	March 1975	36
January 1980	July 1980	58
July 1981	November 1982	12
July 1990	March 1991	92
March 2001	November 2001	120

Source: National Bureau of Economic Research



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Employment
SECURITY

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After the low point, or end of a recession, the recovery period begins. Regarding this recent recession, New England was more negatively influenced than the nation by weakness in capital investment, abrupt slackening in spending on high technology and telecommunications after Y2K preparations, and basic economic over-confidence prior to 2001.² New Hampshire's economy may be better positioned for a recovery from the recession and its aftermath than the other regional states' economies. New Hampshire is the only New England state forecasted to grow faster than the United States' expected average rate of 3.1 percent. The Granite State ranks in the top ten for per capita personal income, its real estate sales remain strong, and a highly trained workforce is in place.³ While

New Hampshire is well positioned, it has also experienced the flat job growth situation prevalent in the region and nation. Continued recovery in New Hampshire should see job growth, but at a much slower rate than the last ten years.

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¹The NBER's Recession Dating Procedure. December 7, 2002. Business Cycle Dating Committee, National Bureau of Economic Research. Accessed January 3, 2003. <www.nber.org/cycles/recessions.html>.

²Zandi, Mark. New England Economic Project, "New England Economy Amid Global Uncertainty Conference", June 5, 2003.

³Bartlett, Peter. Summary of the New Hampshire Economy, Spring 2003. June 2003. New Hampshire Employment Security, Economic and Labor Market Information Bureau.

New England and New Hampshire took longer for employment levels to recover from the recession of 1990 than the nation

